

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

AMCONSUL ISTANBUL

INFO AMEMBASSY PARIS

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY BERN

AMCONSUL ZURICH

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USOECD, USEEC

E.O. 11652: N/A

TAGS: EFIN, TU

SUBJECT: TURKEY'S BALANCE OF PAYMENTS FINANCING

1. EMBASSY ECONOMIC REPORTING HAS BEEN VERY USEFUL TO
WASHINGTON AGENCIES MONITORING THE TURKISH SITUATION. PER-
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IODIC CONVERSATIONS WITH CENTRAL BANK AND STATISTICAL RE-
PORTING UNDER FORMAT OF ECONOMIC INDICATORS FOR SMALLER
OECD COUNTRIES HAS BEEN PARTICULARLY HELPFUL.

2. IN ATTEMPTING TO GET BETTER FEEL FOR BALANCE OF PAY-
MENTS FINANCING NOW AVAILABLE TO TURKEY, WE WOULD APPRECI-
ATE ANY ADDITIONAL INFORMATION EMBASSY MAY HAVE ON FOLLOW-

ING AREAS. WE RECOGNIZE THAT INFORMATION MAY NOT BE AVAILABLE ON SOME OF THESE QUESTIONS. A). WHAT IS LIKELIHOOD OF EXPANDING PROJECT CREDITS ABOVE 1976 LEVEL OF DOLS 500 MILLION? (WE RECOGNIZE INFORMATION ON THIS QUESTION MAY NOT BE READILY AVAILABLE IN ANKARA.) B). WHAT ROLE DO SUPPLIERS CREDITS PLAY IN FINANCING THE CURRENT ACCOUNT DEFICIT? WHERE ARE THESE REPORTED IN CENTRAL BANK ANNUAL REPORT TABLE ON BALANCE OF PAYMENTS? WHAT FIGURE WOULD EMBASSY ESTIMATE FOR 1977 NET INCREASE IN SUPPLIERS CREDITS OUTSTANDING? C). IS RECENT DOLS 200 MILLION LOAN BY GERMAN BUNDES BANK DUE IN 1977 AND IF SO, IS IT LIKELY TO BE ROLLED OVER?

D). WHAT IS BEST ESTIMATE OF COMMODITY STOCKS AVAILABLE FOR SALE? WHAT COMMODITIES ARE THERE AND WHAT ARE QUANTITIES AND RELEVANT PRICES? WOULD SALE OF ENTIRE STOCK INCREASE EXPORTS ABOVE 1976 LEVEL? E). WE ESTIMATE TURKEY MAY BE ABLE TO CONVERT ITS GOLD HOLDINGS INTO A TOTAL OF DOLS 400 MILLION IN GOLD BACKED LOANS (ASSUMING 80 PERCENT OF MARKET PRICE). WHAT IS LIKELIHOOD OF TURKEY DOING THIS? (WE RECOGNIZE TURKISH SENSITIVITIES REGARDING POSSIBLE USE THEIR GOLD RESERVES AND DO NOT NECESSARILY EXPECT EMBASSY TO DISCUSS THIS POINT WITH TURKS. WE WOULD NONETHELESS WELCOME YOUR COMMENT ON THIS QUESTION.) F). WHAT IS LEVEL OF FOREIGN EXCHANGE HOLDINGS OF TURKISH COMMERCIAL BANKS? DOES THE CENTRAL BANK INCLUDE THESE IN CHANGES IN RESERVES?

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G). WHAT IS LATEST INFORMATION ON TRADE ARREARS OUTSTANDING AND WHAT EXACTLY DO THESE CONSIST OF?

3. FINALLY, MORGAN GUARANTY BANK IN RECENT VISIT TO WASHINGTON ESTIMATED TURKEY NEEDS ADDITIONAL ONETIME EXTERNAL FINANCING OF DOLS 600 TO DOLS 700 MILLION, TO COVER DOLS 300 MILLION IN LETTERS OF CREDIT OPENED BUT NOT YET DRAWN, DOLS 200 MILLION IN OVERDRAFTS AT BANKS AND DOLS 150 MILLION IN QUOTE SPECIAL DEPOSIT SCHEMES OUTSTANDING UNQUOTE. DOES EMBASSY VIEW THIS AS A REALISTIC ESTIMATE?
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Sent Date: 14-Jul-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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